

MINUTES
ALABAMA REAL ESTATE APPRAISERS BOARD
RSA UNION BUILDING
100 NORTH UNION STREET
SUITE 370
MONTGOMERY, ALABAMA
February 15, 2002

MEMBERS PRESENT:

Mr. Kenneth Keener
Mrs. Jane Mardis
Mr. Ronald Parker (arriving at 10:00 a.m.)
Mr. Steve Martin
Mr. Chester Mallory
Mr. Wilder H. Cheney
Mr. Gary Carter

MEMBERS ABSENT:

Mr. R. L. Farmer, Jr.
Mr. Otis Stewart, Jr.

OTHERS PRESENT:

Mr. J.W. Holland, Jr.
Mrs. Lisa Brooks
Ms. Neva Conway

- 1.0 With quorum present Mrs. Jane Mardis, Vice-Chairman called the meeting to order at 9:15 a.m. The meeting was held at the RSA Union Building, 100 N. Union Street, 3rd. Floor Conference Room, Montgomery, Alabama.
- 1.1 The meeting was opened with prayer by Mr. Cheney and then the Pledge of Allegiance.
- 2.0 Members present were Mrs. Jane Mardis, Mr. Ronald Parker (arriving at 10:00 a.m.), Mr. Steve Martin, Mr. Wilder H. Cheney, Mr. Chester Mallory, Mr. Gary Carter, and Mr. Ken Keener. Member absent was Mr. R. L. Farmer, Jr., and Mr. Otis Stewart, Jr.

- 3.0 On motion by Mr. Cheney and second by Mr. Carter the regular minutes for January 18, 2002 were approved as written. All in favor, motion carried.
- 3.2 Ms. Conway informed the Board that the plaintiff filed a motion to be submitted on brief to reconsider the cost in the Jones vs. Siegelman discrimination case. Ms. Conway also stated that Ms. Jones filed another lawsuit on December 21, 2001, which was dismissed after summary judgment granted in our case. Our agency was not included in this lawsuit.
- Ms. Conway informed the Board the hearings on Mr. John R. Knight and Mr. John K. Knight were continued for March. Mr. John K. Knight has asked for a reconsideration hearing on the work product he submitted for upgrade to Certified Residential.
- 4.0 Mrs. Mardis informed the Board the Proposed Full Disclosure Bill had some problems and did not go forward.
- Ms. Conway informed the Board that our proposed legislation HB400 is out of committee and ready for 3rd. reading and she is working on getting it on the consent calendar.
- Ms. Conway informed the Board that our Companion Bill SB307, which is being sponsored by Sen. Means is in the Governmental Affairs committee. She will try to see Sen. Poole who is the chairman of that committee next week.
- Mrs. Mardis turned the meeting over to Mr. Parker at 10:00 a.m.
- 5.0 On motion by Mr. Cheney and second by Mrs. Mardis the following applications were voted on as listed. All in favor, motion carried.
- 5.1 **Trainee Real Property Appraiser applications approved:** James Cooper, Christopher Davis, Edwin Garrison, Jr. (Recip.)(GA), Paul Hawkins, Morris Hodges.
- 5.2 **State Registered Real Property Appraiser applications deferred:** Mr. Larry W. Humber.
- 5.3 **Licensed Real Property Appraiser applications approved:** Jerry L. Bell (Recip.)(GA), John Hammock, Jr. (Recip.)(GA). **Applications deferred:** Roland N. Coan, Elvin Cook.

5.4 **Certified Residential Real Property Appraiser applications approved:**
Annette G. Kruse. **Applications deferred:** John C. Back, Charles L. Robertson, III.

5.5 **Certified General Real Property Appraiser application approved:**
Newell Brigham, III (Recip.)(MS), Lauri W. Hyyti (Recip.)(TN), Rick L. Norris (Recip.)(GA), Gary L. Ridley (Recip.)(TX), John B. Stewart (Recip.)(MS), Patricia L. Williamson (Recip.)(LA). **Applications deferred:** Christopher A. Baker, Joseph N. Batrich.

The Board discussed at length whether separate experience point categories were needed for the specialized areas of mass and eminent domain appraisals. The consensus was that the existing point classifications were adequate. Also it was decided that a forestry appraisal(s) being reviewed by the Experience Committee would fit into an existing point classification.

6.0 Mr. Mallory gave financial report informing the Board that we were 33% into the fiscal year and 33% into budget expenditures. Mr. Holland stated at this time there were no negative trends of concern. Mr. Holland informed the Board that we paid the Appraisal Foundation \$21,000 for 2002 USPAP's to be sent to our active licensees. This was an unanticipated increase of several thousand dollars over last year's costs. We also paid out Mr. Diehl's vacation leave when he resigned. On motion by Mr. Cheney and second by Mr. Martin the Board voted to accept the financial report as read. All in favor, motion carried.

Mr. Holland informed the Board that the Personnel Board approved his 5% raise. It will now be sent to the Governor for consideration of approval.

6.1 On motion by Mr. Martin and second by Mr. Mallory the following education courses and instructor recommendations were approved or denied as indicated:

MCKISSOCK DATA SYSTEMS

(C.E.) Income Capitalization – Virtual Classroom – 7 Hours
(Approved Instructors: Alan Simmons)

(C.E.) FHA Appraising Today – Virtual Classroom – 7 Hours
(Approved Instructor: Alan Simmons)

(C.E.) Developing & Growing an Appraisal Practice – Virtual Classroom
- 7 Hours
(Approved Instructor: Alan Simmons)

All in favor, motion carried.

The Board reviewed the following disciplinary report, which was included in their Board books. On December 31, 2001, Donald W. Manuel, a Certified Residential Real Property Appraiser (R00460), signed a Consent Settlement Order in connection with the appraisals of single-family residential properties. Terms of the consent settlement order include a public reprimand, a \$1,000 administrative fine, a thirty (30) day license suspension with a twelve (12) month probation period following suspension, a thirty (30) day suspension of supervisory appraiser privileges, and completion of a Board approved 15-hour USPAP course with exam. The discrepancies identified in the appraisal report are detailed as follows: AB-98-16: licensee failed to provide the legal description and incorrectly reported the name of the neighborhood; failed to provide adequate information concerning the neighborhood to enable the reader to understand the market trends and financing conditions; failed to address the Intended Use and Scope of the report; failed to accurately describe the subject site; failed to address the functional and external depreciation; licensee's work file did not contain documentation to support site value estimate or the methods used to develop land value; in the Sales comparison Analysis there were sales from the Subjects' development that were more comparable to the Subject in location and would result in a more reliable Sales Analysis Approach; and failed to include the state certification statement in the report required. The following USPAP Standards (1997 Ed.) were violated: 1-1(a), 1-1(b), 1-1(c), 1-3(a), 1-4(a), 1-4(b)(iii), 2-1(a), 2-1(b), 2-2(b)(i), 2-2(b)(iii), and 2-2(b)(vi). Also violated was §34-27A-3(b)(2), Code of Alabama, 1975. AB-98-20: Licensee failed to provide the property owner's name and inconsistently reported the lender/client name, failed to provide lot dimensions and incorrectly reported lot size, topography, Flood Map data and zoning class; licensee understated the gross living area by approximately 535 S/F, understated the size of the basement by 253 S/F, incorrectly displayed the floor plan for the second story, incorrectly reports building materials for one bath; failed to identify the Intended Use of the appraisal and failed to describe the Scope of the appraisal process; failed to provide adequate information and meaningful analysis in the neighborhood section of the report to enable the reader to understand the market and financing conditions; failed to describe the method used to determine Site Value and the work file contained no market data or other documentation in support of the land value estimate; failed to address the functional and external depreciation; in the Cost Approach, a prefab fireplace and 4' x 5' concrete stoop (porch) are valued at \$10,000 which are not supported in the Subject's market and cannot be duplicated in comparison with Marshall & Swift; failed to provide an analysis of the pending sales contract, or in alternative explain why the appraiser was unable to provide the information; developed and communicated a biased and misleading Sales Comparison Analysis by using sales described in the

subject report as being from a neighborhood similar to the Subject; licensee ignored sales from the Subject's town-home development that were current at the time of the appraisal and would have indicated a lower value for the Subject; and failed to include the state certification statement in the report as required. The following USPAP Standards (1998 Ed.) were violated: 1-1(b), 1-1(c), 1-3(a), 1-4(a), 1-4(b)(i), 1-4(b)(iii), 1-5(a), 2-1(a), 2-1(b), 2-2(b)(ii), 2-2(b)(iii), 2-2(b)(vi), 2-2(b)(viii), and Competency Provision. Also violated was §34-27A-3(b)(2), Code of Alabama, 1975. AB-00-05: Licensee failed to identify the client or state the purpose and intended use of report; failed to summarize the extent of the process of collecting, confirming, and reporting data (scope); failed to provide acceptable justification for omission of Cost and Income Approaches; failed to identify the type of appraisal (complete/limited) in the reporting format used to communicate the appraisal; incorrectly identified the reporting format as a "Limited Report"; developed and communicated a limited appraisal-restricted report on a Freddie Mac Form 704 and failed to identify and explain the permitted departures; failed to value the subject site by an appropriate appraisal method or technique; failed to provide a site value estimate in the report or work file; inappropriately developed a Sales Comparison Analysis by using sales from superior market area not similar to subject in class type, location and style; failed to include the state certification in the report as required; stated in a letter to the Board dated February 17, 2000 that "there were no sales available in the Subject's immediate neighborhood" there were sales in the Subject's market area that were more comparable to the Subject and if used could have resulted in a different, more reliable value indication; failed to provide a signed certification as required by USPAP; failed to provide a definition of the value to be estimated; failed to provide sufficient work file documentation in support of the subject appraisal. The following USPAP Standards (1998 Ed.) were violated; 1-1(a), 1-1(b), 1-1(c), 1-4(a), 1-4(b)(iii), 2-1(a), 2-1(b), 2-2(a)(iii), 2-2(b)(vi), 2-2(b)(xi), 2-2(c), 2-2(c)(iv), 2-3, Competency Provision and Ethics Provision-Record Keeping. Also violated were §34-27A-3(b)(2) and §34-27A-20(a)(5), Code of Alabama, 1975.

On January 14, 2002, Charles R. Higgins, Jr., a Certified Residential Real Property Appraiser (R00134), signed a Consent Settlement Order in connection with appraisals of single-family residential properties. Terms of the consent settlement order include a public reprimand, a \$2,225 administrative fine, a forty-five (45) day license suspension with a twelve (12) month and fifteen (15) day probation period following suspension, completion of a Board approved 15-hour USPAP course with exam, completion of a Board approved 40-hour Fundamentals of Real Property Appraisal course with exam, completion of a Board approved 15-hour Sales Comparison course with exam, and completion of a Board approved 15-hour Income Approach course with exam.

The discrepancies identified in the appraisal report are detailed as follows:

AB-98-32: Pages 1 and 2 of the URAR report form describe the Subject inconsistently from the Sketch Addendum to the report; licensee's field sketch from the work file incorrectly depicts the layout of the subject property; licensee failed to provide adequate information in the report to justify or support the significant difference between the actual age and estimated effective age of the subject residence; provided an inaccurate and misleading analysis and description of the Subject's functional utility in the report; physical depreciation as reported in the Cost Approach is incorrect based upon the estimated effective age and the remaining economic life shown in the report; failed to apply appropriate adjustments in the Sales Comparison Analysis; failed to adjust all three sales for superior bedroom counts and made insufficient adjustments to sales #1 and #2 for superior bathroom counts; failed to provide explanation or justification for the absence of adjustments related to the bedroom count and for the low bathroom adjustments; licensee failed to describe and adjust sale #3 for a half-bath as reflected in MLS records; licensee significantly understated/misrepresented the distance of sales #2 and #3 from the subject; no adjustment for excessive financing concessions was applied; the effective age was incorrectly and misleadingly reported in the analysis grid; failed to adjust sale #1 for superior Construction Quality, Design/Appeal, Functional Utility, and Age/ Condition; the value contribution of a sunroom was double counted and the adjusted sales prices of all three sales were inflated by the amount of the adjustment; in the Sales Comparison Analysis the car storage and HVAC were inconsistently adjusted throughout the sales grid; licensee communicated a misleading appraisal and failed to develop and report a credible value conclusion through the Sales Comparison Approach; failed to include the State certification statement in the report as required; and failed to identify the type of appraisal and the reporting format used to communicate the appraisal. The following USPAP Standards (1997 Ed.) were violated: 1-1(a), 1-1(b), 1-1(c), 1-4(b)(ii), 1-4(b)(iii), 2-1(a), 2-1(b), 2-2(b)(i), 2-2(b)(viii), 2-2(b)(xi), S1, S2-2, and Ethics Provision-Conduct. Also violated was §34-27A-3(b)(2), Code of Alabama, 1975.

AB-98-33: Licensee failed to accurately disclose the existence of a TVA power transmission line easement within the subject site; failed to address the potential negative effects upon site utility and value in the report; failed to provide a 3-years sales history of the subject property; failed to disclose a recent arms-length sale of the Subject; failed to consider the recent sale in the appraisal process; the Subdivision Development method was applied without having available plans, specifications, or other documentation sufficient to identify the scope and characteristics of the proposed development; failed to provide necessary data in support of

estimated development costs; failed to provide sufficient market analysis and market data in support of the projected lot prices and absorption period; failed to employ correct methodology and techniques in the application of the Subdivision Development method to estimate the value of the subject land resulting in an unreliable and misleading value conclusion for the Subject; failed to accurately analyze and describe the comparable sales used in the Sales Comparison Analysis; communicated a misleading appraisal and failed to develop and communicate a credible analysis of available market data to support or justify the Market Approach value conclusion; licensee provided false and/or misleading information to the Board during the investigation of a formal complaint against said licensee; and failed to include the state certification statement in the report as required. The following USPAP Standards (1996 Ed.) were violated: 1-1(a), 1-1(b), 1-4(b)(iii), 1-4(h)(i), 1-4(h)(iii), 1-5(b)(iii), 2-1(a), 2-1(b), 2-2(b)(viii), 2-2(b)(xi), Competency Provision; Ethics Provision-Conduct. Also violated were §34-27A-20-3(b)(2) and §34-27A-20(a)(5), Code of Alabama, 1975.

AB-98-34: The description of the subject neighborhood is misleading and failed to provide sufficient information relative to the boundaries and characteristics; licensee failed to accurately describe the physical characteristics of the subject property in the report; failed to employ correct methodology in developing the site value estimate and misrepresented the method used to determine the site value which was described as “Land Residual Method”; in the Cost Approach, licensee failed to explain and provide support for “Porch/Apl./Rear Porch/Other” reflecting a \$6,500 Replacement Cost New and a \$3,500 “as-is” value of the Site Improvements; failed to utilize comparable sales that were truly representative of the subject property; failed to accurately analyze and describe the comparable sales used in the Sales Comparison Analysis; communicated a misleading appraisal and failed to develop and report a credible analysis of comparable market data in support of the final value conclusion as derived through the Sales Comparison Approach; licensee submitted falsified documents to the Board in an attempt to cover up or mitigate errors of omission or commission made in the original appraisal report sent to the Client; and failed to include the state certification statement in the report as required. The following USPAP Standards (1998 Ed.) were violated: 1-1(a), 1-1(b), 1-1(c), 1-2(e), 1-3(a), 1-4(a), 1-4(b)(i), 1-4(b)(iii), 2-1(a), 2-1(b), 2-2(b)(i), 2-2(b)(viii), Ethics Provision-Conduct. Also violated were §34-27A-3(b)(2), §34-27A-20(a)(5), and §34-27A-20(a)(7), Code of Alabama, 1975.

AB-98-42: Licensee failed to describe the physical boundaries of the subject neighborhood; the description and characterization of the subject neighborhood reflected in the report is inaccurate and misleading; description of Off-Site Improvements incorrectly indicates “None” for

Alley when the only access to the garage at the rear of the residence is by way of a 20' alley located along the rear property line; failed to value the subject site by an appropriate method or technique; failed to utilize comparable sales that were truly representative of the subject property and misrepresented the sales as being within the Subject's market; failed to accurately analyze and describe the comparable sales used in the Sales Comparison Analysis; the Comments section of the Sales Comparison Analysis consists of a boilerplate statement that provides no meaningful explanation of how the adjusted sales prices were reconciled into a final value conclusion through the Sales Comparison Approach; licensee communicated a misleading appraisal and failed to develop and report a credible analysis of comparable market data in support of the final value conclusion as derived through the Sales Comparison Approach; failed to include the state certification statement in the report as required. The following USPAP Standards (1998 Ed.) were violated: 1-1(b), 1-1(c), 1-3(a), 1-4(a), 1-4(b)(iii), 2-1(a), 2-1(b), 2-2(b)(i), 2-2(b)(viii); Ethics Provision-Conduct. Also violated §34-27A-3(b)(2), Code of Alabama, 1975.

AB-99-33: Licensee failed to retain work file documentation and appraisal report copy; failed to retain and provide the Board with a true copy of the appraisal report prepared of the subject property; knowingly submitted to the Board in altered or fraudulent copy of the appraisal report prepared of the subject property; failed to correctly identify the location of the subject property within a flood hazard area; failed to disclose in the subject appraisal report that the dwelling consisted of the combination of manufactured and conventional construction, thereby communicating a misleading appraisal to the client; in the Reconciliation section the licensee reported a "Quick Sale" value; Quick Sale Value was not included in the licensee's statement of "Purpose", nor was there any definition of Quick Sale Value provided in the report. The following USPAP Standards (1995 Ed.) were violated: Ethics Provision-Record Keeping. The following USPAP Standards (1997 Ed.) were violated: 1-1(a), 1-1(b), 2-1(a), 2-1(b), 2-2(b)(i), 2-2(b)(iii), 2-2(b)(iv), 2-2(b)(viii), Ethics Provision-Conduct, Ethics Provision-Record Keeping. Also violated was §34-27A-20(a)(5), Code of Alabama, 1975.

On January 16, 2002, Frank T. Rentz, a Certified Residential Real Property Appraiser (R00220), signed a Consent Settlement Order in connection with the appraisals of single-family residential properties. Terms of the consent settlement order include a public reprimand, a \$1,000 administrative fine and a one (1) year suspension of supervisory appraiser privileges. The discrepancies identified in the appraisal report are detailed as follows: The reported Remaining Economic Life and Remaining Physical Life of the subject are not supported in the subject property's market of by life expectancy guidelines published in accepted

data sources such as Marshall & Swift; the S/F reproduction cost reported for an unfinished basement is not supported by information in the work file or in accepted cost estimator publications; there is not analysis of the pending sales contract on the Subject property which the licensee provided as a part of the work file; licensee failed to include the state certification statement in the report as required; and licensee failed to adequately supervise a Trainee Appraiser in the development and communication of the subject appraisal report. The following USPAP Standards (2000 Ed.) were violated; 1-1(a), 1-1(b), 1-4(b)(ii), 1-5(a), 2-2(b)(ix), 2-5. Also violated was §34-27A-3(b)(2), Code of Alabama, 1975.

On December 20, 2001, a Certified Residential Real Property Appraiser signed a Consent Settlement Order in connection with the appraisal of a single-family residential property. The terms of the consent settlement order include a private reprimand, a \$650 administrative fine, completion of a Board approved 40-hour Appraisal Fundamentals course with exam, and completion of a Board approved 15-hour USPAP course with exam. The discrepancies identified in the appraisal report are detailed as follows: Licensee reported a low effective age without any supporting explanation or documentation of repairs or rehabilitation that would support such a low effective age; failed to analyze the sales contract that was included in the subject appraisal report; and failed to provide adequate supervision for the signing Trainee appraiser in that he failed to assist the Trainee in the proper development of the subject report. The following USPAP Standards (2000 Ed.) were violated: 1-3(a), 1-5(a), 2-1(a), 2-5.

On December 19, 2001, a Certified Residential Real Property Appraiser signed a Consent Settlement Order in connection with the appraisal of a single-family residential property. The terms of the consent settlement order include a private reprimand, a \$900 administrative fine and the completion of a Board approved 15-hour USPAP course with exam. The discrepancies identified in the appraisal report are detailed as follows: Licensee failed to disclose intended use of appraisal and described the scope of the appraisal process; failed to report the type of appraisal assignment performed or type completed; failed to provide summary statement explaining the methodology used to estimate physical depreciation for the subject property in the Cost Approach and failed to state the remaining economic life of the subject property; in the Sales Comparison Approach, licensee utilized sales that exhibited significant dissimilarities to the subject with respect to GLA size, site size, amenities, and basement; licensee failed to provide a meaningful reconciliation of the Sales Comparison Analysis and explanation for basing the value conclusion on the four sales chosen for the subject appraisal report; in the Sales Comparison Approach, licensee failed to employ proper methodology in the analysis of and adjustments to the comparable sales used in the report; licensee supplied incorrect photographs for

comparables; failed to value the site by an appropriate method or technique; in the Cost Approach and Sales Comparison Approach, licensee incorrectly combined the basement square footage with the upper level square footage to calculate the total GLA of the subject property which resulted in an inflated and misleading value indication for the two approaches; licensee certified that he inspected the interior and exterior of the subject property when in fact he did not; the licensee's license number was omitted from the certification page of the subject report; licensee failed to provide proper supervision for the Trainee Appraiser in the development and communication of the subject appraisal report. The following USPAP Standards (2000 Ed.) were violated: 1-1(a), 1-1(b), 1-4(a), 1-4(b)(i), 1-4(b)(ii), 2-1(a), 2-1(b), 2-2, 2-2(b)(i), 2-2(b)(ii), 2-2(b)(iii), 2-2(b)(iv), 2-2(b)(v), 2-2(b)(vi), 2-2(b)(vii), 2-2(b)(ix), 2-2(b)(xii), 2-3, 2-5, SR-1. Also violated was §34-27A-17(b), Code of Alabama, 1975.

On December 6, 2001, a Trainee Real Property Appraiser signed a Consent Settlement Order in connection with the appraisal of a single-family residential property. The terms of the consent settlement order include a private reprimand, a \$650 administrative fine, completion of a Board-approved 15-hour USPAP course with exam, and completion of a Board-approved 40-hour entry level appraiser course with exam. The discrepancies identified in the appraisal report are detailed as follows: Licensee failed to disclose the intended use of the appraisal and failed to describe the scope of the appraisal process; failed to report the type of appraisal assignment performed or the type of appraisal report completed; failed to provide a summary statement explaining the methodology used to estimate physical depreciation for the subject property in the Cost Approach; failed to state the remaining economic life of the subject property; in the Sales Comparison Approach, licensee utilized sales that exhibited significant dissimilarities to the subject with respect to GLA size, site size, amenities, and basement; licensee failed to provide a meaningful reconciliation of the Sales Comparison Analysis and explanation for basing the value conclusion on the four sales chosen for the subject appraisal report; in the Sales Comparison Approach, licensee failed to employ proper methodology in the analysis of and adjustments to the comparable sales used in the report; licensee supplied incorrect photographs for comparables; licensee failed to value the site by an appropriate method or technique; in the Cost Approach and the Sales Comparison Approach, licensee incorrectly combined the basement square footage with the upper level square footage to calculate the total GLA of the subject property which resulted in an inflated and misleading value indication for the two approaches; licensee certified that the supervisory appraiser inspected the interior and exterior of the subject property when in fact he did not; licensee's number was omitted from the certification page of the subject report. Licensee's improper use of sales with respect to GLA size, site size, amenities, and basement, failure to provide

meaningful reconciliation of the Sales Comparison Analysis and explanation for basing the value conclusion on the four sales chosen for the subject appraisal report, failure to provide correct photographs of comparable properties, failure to value the site by an appropriate method or technique, incorrectly combining the basement square footage with the upper level square footage to calculate the total GLA of the subject property, and failure to employ property methodology in the analysis of and adjustments to the comparable sales used in the report resulted in the communication of a misleading appraisal report. The following USPAP Standards (1995 Ed.) were violated: 1-1(a), 1-1(b), 1-1(c), 1-4(a), 1-4(b)(i), 1-4(b)(ii), 2-1(a), 2-1(b), 2-2, 2-2(b)(ii), 2-2(b)(vii), 2-2(b)(ix), 2-2(b)(xii), 2-3, SR-1, and Competency Rule. Also violated was §34-27A-17(b), Code of Alabama, 1975.

On December 3, 2001, Robert Dow, a Certified Residential Real Property Appraiser (R00085) signed a Consent Settlement Order in connection with the appraisal of a tract of land. The terms of the consent settlement order include a public reprimand, a \$550 administrative fine, completion of a Board approved 15-hour USPAP course with exam, and completion of a Board approved 16-hour Condemnation appraisals course with exam. The discrepancies identified in the appraisal report are detailed as follows: Licensee failed to develop the subject appraisal in a manner that employed methods and techniques generally recognized and/or accepted as being necessary to produce credible results in appraisal assignments involving eminent domain/condemnation actions; in reporting the appraisal in the land appraisal report format, licensee failed to provide minimum information required to enable an intended user to understand the report; licensee failed to develop Highest and Best use analyses for the Before and After parcels; licensee failed to describe the extent of the process of collecting, confirming, and reporting data (scope); licensee failed to set out and discuss the appraisal procedures followed and failed to reference the existence of specific work file information in support of the conclusion; licensee failed to state his reasons for the exclusion of the usual valuation approaches that were omitted from the appraisal; licensee's failure to apply recognized methods and techniques to develop a credible appraisal for use in eminent domain/condemnation proceedings and failure to comply with minimum reporting and work file requirements set forth in Standard 2-2(b) indicates a lack of knowledge and experience necessary to complete the assignment competently; licensee is a Certified Residential Real Property Appraiser and is limited to appraisals on non-residential properties having a transactional value of \$250,000 or less but reported the transactional value of taking as \$560,000. The following USPAP Standards (1999 Ed.) were violated: 1-1(a), 1-1(b), 1-3(b), 1-4(a), 1-4(b)(ii), 1-4(b)(iii), 2-1(b), 2-2(b)(vii), 2-2(b)(ix), 2-2(b)(x), 2-2(b)(xi), Competency Rule. Also violated was §780-0.01(2)(e), AREAB Administrative Code.

On December 10, 2001, a Certified Residential Real Property Appraiser signed a Consent Settlement Order in connection with the appraisal of tract of land. The terms of the consent settlement order include a private reprimand, a \$575 administrative fine, completion of a Board approved 15-hour USPAP course with exam, completion of a Board approved 20-hour Highest and Best Use Analysis course with exam, and completion of a Board approved 7-hour Vacant Land Appraisal course. The discrepancies identified in the appraisal report are detailed as follows: Licensee failed to state the intended use of the appraisal; failed to correctly state the real property interest being appraised, which was identified in the transmittal letter as the fee simple/leasehold interest, licensee failed to summarize the extent of the process of collection, confirming, and reporting data (scope); in the letter of transmittal attached to the appraisal report the licensee stated that any supporting documentation not provided with the report concerning the data, reasoning, and analysis was retained in the appraiser's file but not work file with supporting documentation was maintained by licensee; in describing the subject site acreage the licensee inadvertently omitted a tract located in an adjoining section; in describing the subject site the licensee neglected to disclose that a large portion had been strip mined and that the majority of the strip mined area had not been reclaimed; licensee failed to exercise reasonable diligence in the inspection of the site and in researching the history of the site with the appropriate governmental agencies that maintain records of mining activities; licensee failed to report a credible opinion of Highest and Best Use and failed to provide a summary analysis of the information considered in arriving at the conclusion of Highest and Best Use; licensee failed to consider, analyze, and report prior sales of the subject property that occurred within three years prior to the date of appraisal; licensee failed to utilize comparable sales that were truly representative of the subject property; in analyzing the sales utilized in the report, licensee failed to adjust or applied insufficient adjustments for superior attributes exhibited by the comparable sale properties; licensee failed without good cause to exercise reasonable diligence in developing and communicating an appraisal; licensee accepted and performed an appraisal assignment for which he lacked the necessary knowledge and experience to complete the assignment competently. The following USPAP Standards (1996 Ed.) were violated: 1-1(a), 1-1(b), 1-1(c), 1-4(b)(iii) 1-5(b)(ii), 1-3(a), 2-1(a), 2-2(b)(i), 2-2(b)(ii), 2-2(b)(vi), 2-2(b)(ix), 2-2(b)(xi), 2-2(c)(iii), Competency Provision. Also violated was §34-27A-20(a)(7), Code of Alabama, 1975.

On January 21, 2002 a Letter of Warning was issued to a Certified Residential Real Property Appraiser in connection with the appraisal of a single-family residential property in which he signed as the supervisory appraiser. The Letter of Warning is an informal disciplinary action and

will be a permanent document maintained in the investigative file. This disciplinary action will be considered in any future discipline proceedings. The USPAP violations identified in the appraisal report are detailed as follows: Licensee failed to retain documentation in the work file to support the statement in the report that the Site Value was based on the difference in lot values as per market extractions; licensee signed the Appraiser's Certification falsely certifying that the Supervisory Appraiser had personally inspected the interior and exterior areas of the subject property, when in fact the Supervisory Appraiser had only inspected the exterior of the subject property. The following USPAP Standards (2000 Ed.) were violated: 1-1(c), 1-4(b)(i), 2-1(a).

On January 21, 2002 a Letter of Warning was issued to a Trainee Real Property Appraiser in connection with the appraisal of a single-family residential property in which she signed as the primary appraiser. The Letter of Warning is an informal disciplinary action and will be a permanent document maintained in the investigative file. This disciplinary action will be considered in any future discipline proceedings. The USPAP violations identified in the appraisal report are detailed as follows: Licensee failed to retain documentation in the work file to support the statement in the report that the Site Value was based on the difference in lot values as per market extractions; licensee signed the Appraiser's Certification falsely certifying that the Supervisory Appraiser had personally inspected the interior and exterior areas of the subject property, when in fact the Supervisory Appraiser had only inspected the exterior of the subject property. The following USPAP Standards (2000 Ed.) were violated: 1-1(c), 1-4(b)(i), 2-1(a).

Mr. Holland discussed with the Board the investigative status charts. Mr. Holland commended the investigative staff for the good work in their progress toward cleaning up the cases.

At this time the Board interviewed Ms. Kathryn Bentley who is applying for the vacant investigator position.

6.2.1 The Board reviewed Probable Cause Reports AB-01-37 and AB-01-38 (Companion Cases). On motion by Mr. Martin and second by Mrs. Mardis the Board found that probable cause did exist. All in favor, motion carried. On motion by Mr. Cheney and second by Mr. Martin the Board voted to issue a Letter of Warning. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-00-11 and AB-00-12 (Companion Cases). On motion by Mr. Martin and second by Mr. Keener the Board found that probable cause did exist and voted to proceed with a formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-00-50 and AB-00-51 (Companion Cases). On motion by Mr. Cheney and second by Mr. Keener the Board found that probable cause did exist and voted to issue Letter of Warning. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-00-52 and AB-00-53 (Companion Cases). On motion by Mr. Mallory and second by Mr. Martin the Board did not find probable cause and voted to dismiss. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-00-71 and AB-00-72 (Companion Cases). On motion by Mr. Keener and second by Mr. Mallory the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-00-86 and AB-00-87 (Companion Cases). On motion by Mr. Keener and second by Mr. Cheney the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-00-89 and AB-00-90 (Companion Cases). On motion by Mr. Keener and second by Mr. Martin the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-01-17 and AB-01-18 (Companion Cases). On motion by Mr. Mallory and second by Mr. Keener the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Report AB-01-28. On motion by Mr. Martin and second by Mr. Keener the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Report AB-01-40. On motion by Mr. Keener and second by Mr. Mallory the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-01-44 and AB-01-45 (Companion Cases). On motion by Mr. Keener and second by Mr. Cheney the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Report AB-01-55, which is a Board initiated complaint. On motion by Mr. Cheney and second by Mr. Martin the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Report AB-01-61. On motion by Mr. Mallory and second by Mr. Carter the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-01-73 and AB-01-74 (Companion Cases). On motion by Mr. Cheney and second by Mr. Keener the Board did not find probable cause and voted to dismiss. All in favor, motion carried.

Board reviewed Probable Cause Report AB-01-83. On motion by Mr. Mallory and second by Mr. Carter the Board found that probable cause did exist and voted to issue a Letter of Counsel. All in favor, motion carried.

Board reviewed Probable Cause Report AB-01-99. On motion by Mr. Mallory and second by Mr. Mardis the Board found that probable cause did exist and voted to issue a Letter of Counsel. All in favor, motion carried.

Board reviewed Probable Cause Report AB-02-02. On motion by Mrs. Mardis and second by Mr. Martin the Board did not find probable cause and voted to dismiss. All in favor, motion carried.

Board reviewed Probable Cause Reports AB-02-03 and AB-02-04 (Companion Cases). On motion by Mrs. Mardis and second by Mr. Keener the Board found that probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Report AB-02-05. On motion by Mrs. Mardis and second by Mr. Cheney the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Report AB-01-89, which was a Board initiated complaint. On motion by Mr. Martin and second by Mrs. Mardis the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

Board reviewed Probable Cause Report AB-02-10, which was a Board initiated complaint. On motion by Mr. Martin and second by Mr. Keener

the Board found probable cause did exist and voted to proceed with formal investigation. All in favor, motion carried.

6.2.2 No anonymous complaints reported since last month.

6.2.3 Board reviewed Letter of Warning on AB-01-29. On motion by Mrs. Mardis and second by Mr. Cheney the Board voted to approve the Letter of Warning. All in favor, motion carried.

Board reviewed request from Mr. James E. Castle, Jr. for extension in obtaining 40-hour class as agreed upon in his Consent Settlement Order. On motion by Mrs. Mardis and second by Mr. Carter the Board voted to give Mr. Castle a six-month extension. All in favor, motion carried.

Board reviewed request from Ms. Cynthia E. Sockwell for extension in obtaining a 15-hour USPAP course and a 15-hour Sales Comparison Approach course as agreed upon in her Consent Settlement Order. On motion by Mr. Cheney and second by Mr. Mallory the Board voted to give Ms. Sockwell an extension to April 15, 2002. All in favor, motion carried.

6.3 No reciprocal agreements to report since last meeting.

6.4 The following reciprocal licenses were issued since last Board meeting: Jerry L. Bell (L)(GA), Newell Brigham, III (G)(MS), Edwin Garrison, Jr. (T)(GA), John Hammock, Jr. (L)(GA), Lauri W. Hyyti (G)(TN), Rick L. Norris (G)(GA), Gary L. Ridley (G)(TX), John B. Stewart (G)(MS), Patricia L. Williamson (G)(LA).

7.0 The temporary permit report was provided to the Board for their information.

8.0 The Board discussed the Trainee/Supervisor Policy. Mr. Holland asked everyone to take the policy with them, revise and send to the office next week. The staff will copy the revisions and mail to every member by the next meeting so the members can review and discuss.

Mr. Holland reminded the Board that the next AARO Conference would be April 27-30, 2002 in Seattle, Washington. Those interested in going are Mrs. Mardis, Mr. Mallory, Mr. Keener and tentatively Mr. Parker.

Mr. Holland included in the Board books a Desktop Valuation form from Atlantic Assurance Company. The Board asked that Mr. Holland write this company informing them that this form does not comply with USPAP. They asked Mr. Holland to send this letter by certified mail and to also put something in our next newsletter.

Mr. Holland informed the Board that our Subcommittee Audit would be on March 14-15, 2002, which would coincide with that month's Board meeting.

Mr. Holland included in the Board books a letter from Mr. Charles Clark from the Georgia Real Estate Appraisers Board regarding amending Title XI of FIRREA. The Board decided that our agency not get involved.

Mr. Holland informed the Board that the Examiners of Public Accounts would be auditing our agency starting February 25, 2002.

The next meeting will be tentatively set for March 14-15, 2002.

9.0 Meeting adjourned at 2:10 p.m.

Sincerely,

Lisa Brooks
Executive Secretary

Lb

APPROVED: _____
Ronald Parker, Chairman